



**The Leon Recanati Graduate School of Business Administration**

## 1231.3635 – Strategic Innovation

(Prerequisite: Strategy for Managers)

### First Semester – 2018/19

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
01	Thursday (First half)	15:45 – 18:30	No exam	Dr. Uriel Stettner	<a href="mailto:urielste@tau.ac.il">urielste@tau.ac.il</a>	03-6406330
02	Thursday (Second half)	15:45-18:30				

**Teaching Assistant (TA):** TBD

**Office Hours:** By appointment

### Course Units

1 course unit = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

### Course Description

Creating businesses and capturing new markets occur through various types of innovation. New discoveries, new technologies, competition, and globalization compel firms to foster innovation and agility. Strategic innovation is associated with the reconceptualization of business models, the reshaping of existing markets and thereby changing the nature of competition. As the pattern of global economic growth has changed with the rapid development of high technology, firms are required to exhibit “fundamentally” new ideas and strategies based on the integration of R&D with other business activities. Therefore, innovation is a central element of competitive dynamics requiring firms to create new business models, utilize new value chain architectures, and engage or conceive new markets in attempt to create value for both the customer and the firm's stakeholders. Strategic innovation management concentrates on the entire business model and added value creation as a whole, far beyond focusing simply on technology improvement or new product development.

This course will be taught in English.

## Course Objectives

Upon completion of the course, the student will be able to analyze business situations involving innovation in products, processes, and business models. This course focuses on how innovation can be formulated to gain sustainable competitive advantage and achieve superior firm performance. We will look into various frameworks designed to not only sustain or disrupt existing products, services, or business models, but also create wealth in uncontested markets by introducing novel solutions. We will cover innovations across a broad spectrum of business models, technology, and products. Some innovations start from the R&D lab with a solution and then look for applications for that solution; others start from the customer and the problem and work back to find the solution. Some innovations are disruptive whereas others are sustaining. We will compare and contrast disruptive innovation with sustaining innovation and discuss not only which is more effective, but when each is more suitable in company life cycles. The concepts in Blue Ocean Strategy can be considered as another approach to operationalizing concepts of disruptive innovation, and we will spend time understanding this framework in the context of disruptive innovation. We will also look at how firms can seize the White Space, a concept similar to Blue Ocean strategies in which firms disengage from heavily competitive red oceans to seek new undeveloped markets. In fact, such markets may be situated beyond a firm's core competence.

## Evaluation of Student and Composition of Grade

Percentage	Assignment	Date	Group Size	Comments
25%	Case Analysis I		3	
25%	Case Analysis II		3	
25%	Case Analysis III		3	
15%	Peer Evaluation		Individual	
10%	Attendance		Individual	You are allowed to miss one class after which I deduct 5 points per missed class

\* According to University regulations, participation in all classes of a course is mandatory (Article 5).

\* Students who absent themselves from classes or do not actively participate in class may be removed from the course at the discretion of the lecturer. (Students remain financially liable for the course even if they are removed.)

## Course Assignments

Throughout the course, we will analyze real-world cases and make strategy recommendations. In doing so, we will build on readings (e.g., book chapters, articles, etc.) which provide the theoretical and conceptual basis for the class session for which the case is to be submitted. Stated differently, you are expected to study the readings and incorporate your insights from the readings in your case analysis as precedence to a formal discussion of the case in class.

Working collectively on tasks has many benefits, including division of labor, diversity of perspectives, and peer motivation. Teamwork in this course will improve your learning experience with respect to substantive issues and help you build your skills as a “team player”. For each team-based assignment you must work with different team members.

**Team assignment guidelines:** The course is based on written, team based case analyses on the cases indicated in the course schedule. Each submitted analysis should address the study question(s) as posted on the course website. You will work in groups of three (3) students. Each analysis should not exceed three (3) typewritten pages, (with 1" margins, 12-point font, and 1.5-line spacing). **Any text beyond the page limit will not be evaluated.** You may place graphs and tables in a separate appendix. The appendix does not count towards your page limit. Answers should demonstrate correct use of the theoretical concepts and relevant analytic frameworks as well as provide convincing arguments supported by case data. Your group’s answers should be based on your own group’s analysis and reflect your original, individual, and independent thinking. The assignment to groups is not designed to divide labor between students but to benefit from interactive brainstorming, discussion, and comprehension. A submission should include on a separate cover page the team members’ ID numbers. Only students listed on the cover page will be eligible to receive credit for the analysis. The written case analysis is due any time before the class day in which it is being discussed. **Late submissions will not be accepted.** The written assignment will be submitted by one (1) group member via the course website. For all assignments, you may be asked to present your work to the class.

Students who are unable to complete an assignment or course requirement must notify the TA of the course in advance via email
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## Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, the final average grade for this course (which is an elective course) will be in the range 83-87%. Additional information regarding this policy can be found on the Faculty website.

## Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

## Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments and exams, at the end of the course as well. Course material will be available on the course site.

Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in examinations.

## Course Outline\*

Week	Topic(s)	Required Reading	Submissions	Due Date
1	Introduction to strategic innovation	Moss Kanter , Innovation: The classic Traps, Harvard Business Review 11/2006		
2	Disruptive vs. Sustaining Innovation	Danneels, E. 2004. Disruptive technology reconsidered: A critique and research agenda. <i>Journal of Product Innovation Management</i> , 21(4): 246–258.		
3	Blue ocean strategy, Value innovation	Yougme Moon, Break Free from the Product Life Cycle, Harvard Business Review 5/2005	Case I	Before Class 4
4	Business Concept Innovation	Ron Adner, Match Your Innovation Strategy to Your Innovation Ecosystem , Harvard Business Review, 4/2006		
5	Open-source business models, Intellectual property & Licensing models	Von Hippel, E., & Von Krogh, G. 2003. Open source software and the “private-collective” innovation model: Issues for organization science. <i>Organization Science</i> , 14(2): 209–223.	Case II	Before Class 6
6	Core Business, New Business and Diversification	C.K. Prahalad, Gary Hamel, The Core competence of the Corporation, Harvard Business Review 5-6/1990	Case III	Within 1 week after class 6

\*Subject to change

## Cases

1. Lessons from breakthrough Strategic Moves over the last century, W. Chan Kim; Renee Mauborgne; Jason Hunter, Product #BOS010-PDF-ENG
2. Carrot or Stick? Getting Paid for Innovation at Tessera Technologies, Willy Shih, Product #: 610085-PDF-ENG
3. KTM-Ready to Race, Charlene Zietsma; Richard Wong; Rob Wong, 905M36-PDF-ENG

## Required Reading

- Moss Kanter, Innovation: The classic Traps, Harvard Business Review 11/2006
- Christensen, C. M. 1997. The innovator's dilemma: When new technologies cause great firms to fail. Boston, MA: Harvard Business Press, Introduction
- Danneels, E. 2004. Disruptive technology reconsidered: A critique and research agenda. Journal of Product Innovation Management, 21(4): 246–258.
- Anita M. McGahan, How Industries Change, Harvard Business Review, 10/ 2004
- Ron Adner, Match Your Innovation Strategy to Your Innovation Ecosystem , Harvard Business Review, 4/2006
- Kim, W. C., & Mauborgne, R. 2004. Blue ocean strategy, Chapter 1
- Yougme Moon, Break Free from the Product Life Cycle, Harvard Business Review 5/2005
- Von Hippel, E., & Von Krogh, G. 2003. Open source software and the “private-collective” innovation model: Issues for organization science. Organization Science, 14(2): 209–223.
- C.K. Prahalad, Gary Hamel, The Core competence of the Corporation, Harvard Business Review 5-6/1990
- Chris Zook, James Allen, Growth Outside the Core, Harvard Business Review 12/2003

## Recommended Reading

### Books:

- Christensen, C. M. 1997. **The innovator's dilemma: when new technologies cause great firms to fail.** Harvard Business Press.
- Kim, W. C., & Mauborgne, R. 2004. **Blue ocean strategy.**
- Chesbrough, H. W. 2007. **Open business models: How to thrive in the new innovation landscape.** Harvard Business Press.
- Von Hippel, E. 2005. **Democratizing innovation.** The MIT Press.
- Hamel, G. 2002. **Leading the Revolution,** HBS Press Book
- Foster, R. & Kaplan, S. 2001. **Creative Destruction: from built to last to 'built to perform,** Prentice Hall 2001
- Johnson, M. 2010. **Seizing the White Space:** Growth and renewal through business model innovation. Harvard Business School Press, Boston. ISBN 978-1-4221-2481-9
- Marides, C. & Georoski, P. 2005. **Fast Second,** John Wiley & sons
- Osterwalder, A. and Y. Pigneur. 2010. **Business Model Generation.** John Wiley & Sons. Hoboken, NJ. ISBN 978-0470-87641-1
- Silverstein, D., Samuel, P., & DeCarlo, N. 2008. **The innovator's toolkit: 50+ techniques for predictable and sustainable organic growth.** Wiley.

### Articles:

- Charitou, C & C Markides (2003) Responses to Disruptive Strategic Innovations. *Sloan Management Review* Winter 2003: 55-63
- Moore, G., **Darwin and the Demon,** Harvard Business Review 7-8/2004
- Schumpeter, J. **The Process of Creative Destruction**
- Marides, C. & Georoski, P., **Fast Second,** Harvard Business Review 1-2/2005
- McGrath, R. & MacMillan, I., **Market Busting,** Harvard Business Review 3/2005
- Kline, S. J., & Rosenberg, N. 1986. An overview of innovation. **The positive sum strategy: Harnessing technology for economic growth,** 275: 305.